

Lesson 7.1 Focusing on Market Segments

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- _____ 1. Each person is a part of only one market segment that influences all of his or her purchase decisions.
- _____ 2. Businesses use marketing information and market research to complete market segmentation.
- _____ 3. Dividing consumers into markets based on where they live is referred to as demographic segmentation.
- _____ 4. Market segmentation works well in consumer markets but does not apply to business markets.
- _____ 5. A market opportunity is an identified market with excellent potential based on careful research.
- _____ 6. Target markets should be selected from the segments that have the greatest potential.
- _____ 7. A successful company's market share should be larger than the market potential.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- _____ 8. _____ directs a company's marketing mix at a large and heterogeneous group of consumers.
 - A. Mass marketing
 - B. Advertising
 - C. Market segmentation
 - D. Market research
- _____ 9. People's interests and values are referred to as
 - A. demographics
 - B. psychographics
 - C. needs and wants
 - D. personal qualities
- _____ 10. An identified market with excellent potential based on careful research is a
 - A. market opportunity
 - B. target market
 - C. market segment
 - D. mass market
- _____ 11. If the market potential for gasoline sales in one community is \$10,385,990 and one convenience store has a market share of 8%, the value of its gasoline sales is
 - A. \$8,308,792
 - B. \$11,216,869
 - C. \$83,087,920
 - D. \$830,879.20

Activity 1 • Appealing to Segments

Directions: Billboards are an effective means of catching the attention of passers-by with a short, focused message. Select a product that you believe will appeal to a market segment that includes people driving to and from your school. In the space below, design a billboard that will appeal specifically to that market segment with a creative, attention-getting message. Explain your decision by answering the questions below the billboard.

Explain your decisions:

What is the target market?

What are the important characteristics of the market segment?

Why do you believe the billboard will appeal to the market segment you selected?

Lesson 7.2 Positioning for Competitive Advantage

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- _____ 1. Positioning highlights differences between competitors in the mind of the consumer.
- _____ 2. One method of positioning a product is to associate a personality or type of user with the product.
- _____ 3. Once consumers have developed a perception of a product, businesses will be unable to change the product's position.
- _____ 4. Anytime you see an ad comparing one product with a well-known competitor's products, you can assume that a competitor positioning strategy is being used.
- _____ 5. Consumer perceptions are the images consumers have of competing goods and services in the marketplace.
- _____ 6. Successful companies base their positioning decisions solely on the actions of their competitors.
- _____ 7. Changes in the business environment can have an impact on the success of a company's positioning strategy.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- _____ 8. Which of the following is *not* a basis for product positioning?
 - A. price and quality
 - B. use or application
 - C. product attribute
 - D. brand name
- _____ 9. A business will do well when consumers perceive the attributes of its product as being
 - A. expensive
 - B. close to the consumers' ideal image
 - C. cheap
 - D. of average quality
- _____ 10. The ideal competitive position for a product is when consumers view the company's product attributes as _____ when compared to those of competitors.
 - A. cheaper
 - B. different
 - C. similar
 - D. superior
- _____ 11. The business environment includes
 - A. the marketing mix
 - B. customers
 - C. new technology
 - D. all of the above

Activity 1 • Marketing Positions

Directions: Marketers work very hard on positioning their products, services, and businesses. They continually strive to create a special image to set themselves apart from everyone else.

You carry these images in your mind without consciously thinking of them. In the chart, write a specific product or business with which you are familiar that is a part of the general product category. In the next column, write your view of the specific positioning image of that product or business. In the last column, identify the basis for positioning you believe the marketer used to create that image in your mind. Select one of the six categories discussed in the lesson.

To get you started, the first one is completed for you. The last three general product categories are blank. Identify product categories you believe have companies with effective positioning strategies and complete each column to describe a specific example.

General Product Category	Specific Product or Business	Image	Basis for Positioning and Image
Video game console	Nintendo Wii	Bringing an active gaming experience to more people	Product user
Automobile			
Perfume or cologne			
Cellular telephone			
Restaurant			
Specialty clothing store			
Cable television channel			

Lesson 7.3 Competing for Market Segments

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- _____ 1. The type of competition faced by a business will affect its positioning.
- _____ 2. An example of direct competition is Nike and Reebok.
- _____ 3. Indirect competition occurs when two brands of similar products are compared.
- _____ 4. All businesses should avoid using price competition.
- _____ 5. Emphasizing qualities such as service, quality, credit, location, guarantees, or a unique image is appropriate for businesses using non-price competition.
- _____ 6. Businesses that indirectly compete with each other will need to use non-price competition.
- _____ 7. Competition forces businesses to offer reasonable prices for the products and services that consumers use.
- _____ 8. Competition limits the variety of products that are available to consumers.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- _____ 9. Rivalry among firms on the basis of price and value is called
 - A. direct competition
 - B. indirect competition
 - C. price competition
 - D. all of the above
- _____ 10. Every company wants to make its products
 - A. more expensive
 - B. distinctive
 - C. less expensive
 - D. all of the above
- _____ 11. Competition creates products that
 - A. are better than existing products
 - B. meet the needs of consumers
 - C. meet the wants of consumers
 - D. all of the above

Activity 1 • Learning about Your Competition—Pricing Strategies

Directions: Each business has its own pricing strategy based on its marketing mix. For each of the following products or services, determine the price charged by five different businesses by visiting the store, reading advertisements, or using the Internet. Use stores in your own community or a close larger city if possible. Write the name of the business in the upper cell and write the price that business charges in the lower cell for each item.

	Business/Price #1	Business/Price #2	Business/Price #3	Business/Price #4	Business/Price #5
Child's haircut					
1 dozen bagels					
New movie rental					
Oil change for a car					
Digital camera					

Directions: Select the product or service showing the greatest amount of price differences and illustrate your findings with a bar graph. Make sure you identify each price and business in your graph.

Lesson 7.4 Learning about the Competition

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- _____ 1. If a company has a marketing mix that meets the needs of its customers, it will not need to gather information on the marketing mixes used by competitors.
- _____ 2. If a company lowers its prices, all companies in direct competition will have to lower their prices as well.
- _____ 3. Making a product available to consumers in more locations will usually add to the business's costs.
- _____ 4. If customers try and like the new product of a competitor, it will be difficult to win those customers back.
- _____ 5. An advantage of promotional strategies is that they can be changed quickly.
- _____ 6. The process of gaining competitive market information is called market intelligence.
- _____ 7. Because it is difficult to determine the source of much of the information on the Internet, it is not a good source of competitive information.
- _____ 8. It would be unethical to obtain and use information that a competitor considers to be private and does not disclose outside of the organization.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- _____ 9. Making changes in the distribution strategy should be planned carefully because
 - A. it usually takes a great deal of time
 - B. it often involves other businesses to implement the change
 - C. it can increase the price customers must pay for the product
 - D. all are correct
- _____ 10. The competitive marketing mix element that usually receives the most attention is
 - A. product
 - B. distribution
 - C. price
 - D. promotion
- _____ 11. Appropriate methods to gain competitive information would include all of the following *except*
 - A. purchasing and analyzing competitors' products
 - B. attending trade shows
 - C. asking the employees of competitors to share information
 - D. all are appropriate

Activity 1 • Competing with the Marketing Mix

Directions: Businesses often emphasize a particular mix element when appealing to customers to differentiate themselves from their competitors. They believe that mix element provides the best competitive position for their business, product, or service.

For this project, identify nine businesses from your community. Study their advertising and identify which marketing mix element they emphasize to differentiate themselves from their competitors and appeal to their target market. In the table below, record the name of the business, the product or service it offers, and the marketing mix element it emphasizes. Make sure that your list includes examples for each of the four marketing mix elements.

Business Name	Product/Service	Marketing Mix Emphasis
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		

Activity 2 • Gathering Market Intelligence

Directions: You are responsible for gathering market intelligence for a national retailer that specializes in educational games and toys. Use the Internet to identify a specific information source for each of the following market intelligence categories.

1. Trade show

2. Professional or trade association

3. Professional publication

4. Internet web site
